ROYAL COMMISSION ON
RENEWING AND STRENGTHENING

Our Place In Canada

Consultation Document

September 4, 2002

On June 3, 2002 our Royal Commission began its task of reflecting on and examining our place in Canada. After 53 years in Confederation, Newfoundland and Labrador has enjoyed an exciting five decades of social progress, cultural achievement and economic progress. Now is the time to assess where we stand.

As a Commission we will reflect on where we have come from, how we got here and what needs to be done to achieve a more prosperous future. Our yardstick for measuring prosperity and self-reliance will be the rest of Canada.

As Commissioners, we are ready to take on the challenge assigned to us. We have a research program underway and we will be seeking input through a series of roundtable discussions. In addition we will be conducting extensive public hearings in October and November on how Newfoundlanders and Labradorians feel about their place in Canada.

This consultation document is meant to guide and provoke discussion, bring forth new ideas, challenge our traditional way of thinking and lead the Commission towards a blueprint for the future.

We seek your valuable input and ideas. They will be crucial if the Royal Commission is to have a lasting impact on how we can renew and strengthen our place in Canada.

Vic Young	Elizabeth Davis	James Igloliorte
Chair	Commissioner	Commissioner

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Royal Commission Mandate

The mandate of the Royal Commission on Renewing and Strengthening our Place in Canada is to conduct a critical assessment of Newfoundland and Labrador's strengths and weaknesses and to bring forward recommendations on how best to achieve prosperity and self-reliance.

What, you might ask, does all of this really mean? To us as Commissioners, it means that after 53 years in Confederation, Newfoundland and Labrador still has not found its rightful place in Canada. There appears to be a serious gap between the hopes and expectations with which we entered Confederation and the level of prosperity we have achieved today. We intend to put the spotlight on closing this gap in our research, our consultations, our public hearings and in our final report.

We want to envisage what a prosperous and self-reliant Newfoundland and Labrador would look like in the next decade and beyond and to develop indicators which can be used to measure our progress. We want, with your help, to develop a blueprint for the future.

We are not a Royal Commission on every important issue facing Newfoundland and Labrador. Health, education, jobs, economic prospects, and employment are all issues that have been studied by Royal Commissions or similar bodies over the years. While we consider these important issues in discussing a plan for prosperity and self-reliance, we will remain focused on the broader objective of renewing and strengthening our place in Canada.

If our Commission is to succeed, it will be because we have inspired a new way of thinking about our future as a province within Canada and because we have inspired a new way of doing things. We want to paint a picture of our future which will demonstrate how we can renew and strengthen our place in Canada.

Our Place in Canada

When we entered Confederation in 1949, our union with Canada was unique in at least two very important aspects:

1. we were the only country ever to join Canada, and
2. we were the only province in Confederation to join by way of a popular referendum.

The foundation of our partnership was set out in our Terms of Union with Canada. The Royal Commission will study the effect on the Province of the Terms of Union and how our constitutional arrangements with Canada have evolved. We need your views to address many of the relevant questions related to the Terms of Union including whether the federal government is living up to its constitutional commitment to provide an acceptable ferry link with the rest of Canada.

We need to identify and reflect on the expectations our people had in 1949 for life within Canada. Whatever our aspirations and expectations may have been at the time, they surely went beyond the findings of the report of Economic Council of Canada issued in 1980. It expressed the view that Newfoundland remained "a Canadian metaphor for isolation, poverty and dependency". Is this metaphor an outdated view? Have we progressed well beyond this image in the eyes of our fellow Canadians?

Canada has achieved a pretty good place for itself relative to the rest of the world. Indeed, the United Nations recently ranked Canada as third in the world in terms of life expectancy, education, and income per person. For several years Canada ranked at the top of the list.

Canada has contributed very significantly to the well-being of Newfoundland and Labrador since Confederation in terms of expenditures on public infrastructure, such as roads, schools and hospitals. The ongoing services and programs to which all Canadians are entitled in terms of health care coverage, education, social services and employment insurance attest to the benefits of being part of a great country. Canada's large investment in Hibernia is another important example. There can be no denying, therefore, that Canada has made an enormous contribution to Newfoundland and Labrador.

Of course, there is no denying that Newfoundland and Labrador has made a huge contribution to Canada. We brought into Canada one of the world's most prolific fisheries and one of its

greatest hydro resources; we brought our air space, our oil and gas, our strategic location, our talented people and their rich cultural heritage. We made an incomplete nation complete with the addition of our geography. In other words, we owe a great deal to each other in terms of mutual enrichment.

The Royal Commission will be conducting research to obtain a more detailed analysis of what we have brought to, and received from, Canada. We will also be conducting research into the impact of the workings of the federal system on smaller provinces like Newfoundland and Labrador. Our research program will be crucial to our overall findings.

Provoking Discussion

In our public hearings, we will want to provoke discussion on issues such as our dependence on government and our confidence in ourselves. We will try to put every new idea you can think of on the table.

Where do we stand relative to other Canadians? To what extent has our economic position relative to other Canadians changed since 1949? What is our image in the eyes of other Canadians? Is it accurate? Does it need to be changed? How can we encourage our youth to stay and be a part of our future? How can we attract new industries and people? How can we develop a culture of excellence in everything we do? How can we retain our sense of place and turn it into a cultural competitive advantage? How can we take maximum advantage of our geographic position between two of the world's largest trading blocks? How can the federal government be our partner in moving toward greater prosperity and self-reliance?

The answers to these and many more questions will be sought by the Commission in the context of renewing and strengthening our place in Canada.

Our Current Thinking

As Commissioners, we believe that Newfoundlanders and Labradorians want to attain a prosperous future within the Canadian family. We have a deep attachment to Canada and want to see it strengthened for the benefit of all Canadians.

Yet there are many things about our place in Canada which are of deep concern. Despite an abundance of natural resources and human talent, we continue to suffer the twin curses of unemployment and out-migration. In addition, we have been unable to break free from our reliance on federal transfers.

There are many serious inconsistencies which need to be reconciled. Consider the following:

- Newfoundland and Labrador leads the country in GDP growth, yet we have the country's highest unemployment rate and the lowest per capita income;

- We pay some of the highest taxes in the country, yet our provincial government struggles to provide social programs comparable to the rest of Canada;

- We have a lucrative oil and gas industry, yet we do not benefit greatly from our oil royalties due to the working of the equalization formula;

- We have a very weak fiscal position and as a Province we need significantly more revenue, yet virtually all of the economic rent from our Churchill Falls resource flows to Quebec;

- Our groundfish recovery is being hampered by foreign overfishing, yet any move towards custodial management on the Nose and Tail of the Grand Banks is resisted;

- Strong demand has existed in the Northeastern United States for electrical power and energy, yet the Lower Churchill has remained undeveloped for 30 years;

- We often think of ourselves as an equal partner in Confederation, yet there appears to be no way to exercise significant political power over many of the important issues which affect us as a Province;

- Newfoundlanders and Labradorians have a unique sense of place and a distinct and deep ove for their Province, yet our population has declined dramatically as jobs are sought elsewhere.

Are these inconsistencies of real concern? Should we be content or should we be worried about our place in Canada? Should we be grateful or should we be frustrated? Should we be comfortable or should we take control of our own destiny?

Is there a tendency for us to blame all of our problems on somebody else, especially the Government of Canada? Is there a tendency for the Government of Canada to overreact in a defensive manner such that they are not able to deal effectively with important provincial issues? How can we do things better together?

As a Royal Commission, we want to seek answers to these kinds of questions.

Some Key Issues

Our deliberations will be shaped by what you have to tell us. Our goal is to develop a vision and a blueprint for the future. To do so, we think that a wide range of issues, including those that follow, will require our consideration.

Prosperity and Self-Reliance

Are we a prosperous people?

If personal income is your measure and if we are compared against other provinces, your answer may be "no". After 53 years, Newfoundland and Labrador remains below the national average for personal incomes.

While we have made significant progress in narrowing the gap, we still rank last amongst all of the provinces. When you consider our tax burden compared with the rest of the country, the picture becomes even bleaker.

If, however, your understanding of prosperity includes factors such as family values, quality of life, personal security, community, the environment and our sense of place, you may feel that we are prosperous.

We are conducting research into the social and economic progress we have made within Canada. We will need to address the kind of prosperity we want to achieve. The answer will shape the steps we will have to take in the years ahead.

Newfoundlanders and Labradorians are a fiercely independent and self-reliant people. That is what we tell ourselves. Is it true?

More than any other province, Newfoundland and Labrador relies on transfers from the federal government. This is true of transfers to our provincial government and transfers to individuals.

What must we do to become more self-reliant? Do we need to invest more in education?

Population and Demographics

Our population is shrinking. Indeed it declined by over 58,000 people from 1991 to 2001. At one time, we had the highest birth rate in the country. Now we have the lowest. One of the most startling impacts of this has been on school enrolment which declined from a peak of 163,000 students in 1972 to 87,000 in 2000.

Out- migration is high. In-migration is low. Because of our low birth rate and the number of our youth who are leaving, we are aging faster than any other province. Where is all of this leading us? What are the implications for future generations?

Can we support our present population? Is building a stronger economy the best way to fight population decline?

Rural Newfoundland and Labrador

Rural Newfoundland and Labrador faces many challenges, including serious economic dislocation and population decline. The economy of rural Newfoundland and Labrador is vulnerable not only to the lack of recovery in groundfish stocks but to the uncertainty related to the future of the crab and shrimp resources.

Today, close to 50 percent of the population of Newfoundland and Labrador resides within a one and a half hour drive of St. John's. Reality dictates that people are going to where the job opportunities exist. These opportunities exist more and more in urban areas both inside and outside of Newfoundland and Labrador. In this regard we are no different than Saskatchewan, Northern Ontario or rural Quebec.

The challenges ahead, however, are much greater for us, given the severity of the changes. The future of the new rural Newfoundland and Labrador rests on the opportunities which can be created to attract people to live in sustainable rural communities.

How can we create new employment opportunities in rural communities? What are some of the best opportunities to be pursued? Where are the new jobs to come from? Tourism? Small manufacturing? What are some of the success stories that we can turn to for guidance?

Natural Resources

The prudent development and management of our natural resources will be one of the keys to the attainment of prosperity and self-reliance. We must develop our natural resources in a sustainable manner. Our efforts to achieve prosperity should help, not hamper, the efforts of future generations.

What priority, therefore, do we give to protecting the environment when considering the long term impact of oil and gas, mining, forestry, fishery and hydro projects?

Under the Canadian Constitution, responsibility for two of our most important natural resources - offshore oil and gas and the fishery - rests primarily with the federal government.

The Atlantic Accord and its implementing legislation provide the Province with a formal role in the management of offshore petroleum resources. Has the joint management approach provided by

the Atlantic Accord worked effectively? Have the provincial and federal governments respected the spirit and intent of the Atlantic Accord?

Unlike offshore oil and gas, we knowingly entrusted the fishery to the federal government when we joined Canada in 1949. Has the federal government effectively managed our fishery resource? Should there be greater investment in fisheries science? Should there be stricter conservation both inside and outside the 200 mile limit? How can it be accomplished?

For instance, the recent report from the House of Commons Standing Committee on Fisheries and Oceans recommended custodial management by Canada outside of 200 nautical miles. Is this a good idea?

Should our provincial government have a greater and more formalized role in decisions relating to management and conservation? Have we learned any lessons from the collapse of our groundfish fishery? Does the issuance of so many new crab and shrimp processing licences by the Province in recent years indicate otherwise?

Churchill Falls

Then there is the impact of the Churchill Falls hydro development. Every day a potentially significant contributor to our prosperity and self-reliance is exported to Quebec in the form of power and energy from the 5400 MW Churchill Falls project. The economic rent which Newfoundland and Labrador derives from one of its greatest natural resources is substantially lower than the true economic value of its energy output. What does this say about our place in Canada?

The absence of fair play in the outcome of the Churchill Falls arrangements has raised many questions for many years within our Province. So has our failure to develop the 2000 MW Lower Churchill project at Gull Island.

Should we simply accept the loss of economic rent from Churchill Falls as a matter of historic fate and move on? Have we aggressively pursued every option and opportunity to derive a fair and equitable return from the development of our Churchill River resources? Should the overall Churchill River situation (Upper and Lower Churchill) form an integral part of our assessment as to how we need to renew and strengthen our place in Canada?

Equalization and Resource Revenue Sharing

One of the major ways in which the federal government contributes to Newfoundland and Labrador is through equalization. Equalization is guaranteed by the Constitution of Canada. Its goal is to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation. Do you think this goal is being met in Newfoundland and Labrador?

Let us be clear. Without equalization, this Province would be in dire straits. But equalization can be frustrating for a province trying to pull itself up by its own bootstraps. As Newfoundland and Labrador's ability to pay its own way increases, equalization payments drop. That is an oversimplification, but it captures the essential point.

One result is that we are unable to fully utilize our oil and gas revenues to improve our overall prosperity within Confederation. Nova Scotia is in a similar position. The Standing Senate Committee on National Finance recently recommended that the loss of oil and gas revenues by Newfoundland and Labrador be addressed within the Atlantic Accord.

The Senate Committee acknowledged "the exasperating predicament of less wealthy provinces that have begun to reap benefits from the development of offshore petroleum resources only to see their revenue gains lost by reductions in federal equalization payments."

Is the Senate Committee on the right track? Why does the Government of Canada not take appropriate action to solve the predicament? Is Newfoundland and Labrador caught in a never-ending cycle of dependence? What does this say about our place in Canada?

Sense of Place

Newfoundlanders and Labradorians are blessed with a sense of place; a deep rooted feeling that their Province is the best place in the world to live. We have confidence in who we are and an understanding of our rich cultural heritage. How to unlock all of this to our advantage will be part of our research program. Is the key a change in attitude or a renewed priority on education or both? How can our sense of place and our rich cultural and artistic heritage play a meaningful role in the future we want to achieve for ourselves?

History has taught us that there is no single answer to our quest for prosperity and self-reliance. Nor is there any single project which offers a magic solution. Hibernia, Terra Nova, White Rose and Voisey's Bay are all crucial to our economic well-being. It is clear, however, we need much more than mega projects to sustain improvement in our overall prosperity for the long term.

Is the ultimate key to prosperity the contribution to be made by the human talent in our society? Is a well-educated, healthy, contented and hard working population creating new ideas, searching for innovation, starting new businesses and keeping abreast of the new knowledge-based economy the single most important ingredient as we move forward? What role can Memorial University play in developing our human talent?

How important is the creation of an environment where youth are encouraged to stay and make things happen, where all aboriginal people feel included and respected, where there are equal opportunities for women, and where there are open doors for the physically and mentally challenged? Are these issues an integral and essential part of our definition

of prosperity and self-reliance? Should respect and dignity guide our efforts as we seek development and financial return?

We want to make the answers to these kinds of questions an integral part of the work of the Royal Commission.

Envisaging Our Future

We are excited about working with you to bring forward a blueprint for achieving prosperity and self-reliance. We want to talk about our expectations for life within Canada with people who remember Newfoundland and Labrador before Confederation. We want to talk to youth about their vision for the future of their Province. We want to talk to aboriginal groups about their future. We want to talk about the special and unique contributions we have made to Canada. We want to talk about Labrador's place in Canada and in this Province.

Together with you, we want to envisage the future we want to have and to determine the critical steps we must take if we are going to make that future happen.

Have Your Say

The Royal Commission will be conducting public hearings across Newfoundland and Labrador beginning in late September to allow you to have your say about our place in Canada. The locations and dates are:

September 30	Harbour Breton	October 30	Trepassey
October 1	Grand Falls-Windsor	November 4	Port aux Basques
October 2	Gander	November 5	Stephenville
October 3	New Wes Valley	November 6	Corner Brook
October 7	Carbonear	November 7	Baie Verte
October 8	Placentia	November 12	L'Anse au Clair
October 14	Nain	November 13	St. Anthony
October 15	Happy Valley-Goose Bay	November 14	Port aux Choix
October 16	Cartwright	November 25	Bonavista
October 17	Labrador City/Wabush	November 26	Clarenville
October 28	St. John's	November 27	Marystown
October 29	Mount Pearl		

Details on venues and times will be released well in advance.

Let us try for a discussion that involves everyone in the room. Let us work through issues in manageable chunks. Let us put every new idea we can think of on the table. Let us break new ground. We want to focus on the future and on new directions. We want to challenge ourselves. Some of the questions we have posed in this document are meant to provoke all of us to think about and envisage what our Province can become. We hope that you will help our Commission draw a picture of the future.

You may wish to review our Terms of Reference (Appendix A) when considering which issues are important to you. You may also wish to visit our web site. Go to www.gov.nf.ca/royalcomm.

We hope to receive formal written submissions, letters and thoughts sent by mail or email. We invite you to participate in our public hearings. We invite you to envisage our place in Canada through the use of all forms of artistic expression such as poems, songs, plays and posters.

You choose the way you would like to express yourself, and we will listen. You can reach us in the following ways:

By Mail: P.O. Box 8772 St. John's, NL A1B 3T2

By Phone: (709) 729-3200 By Fax: (709) 729-3539

By Email: mailbox@royalcomm.gov.nf.ca Web Site: www.gov.nf.ca/royalcomm

Thanks for taking the time to read this document. We look forward to hearing from you.

TERMS OF REFERENCE

Royal Commission

RENEWING AND STRENGTHENING OUR PLACE IN CANADA

WHEREAS 53 years ago the people of Newfoundland and Labrador merged their destiny with the people of Canada, a decision they took after vigorous debate and with firm faith in the future;

AND WHEREAS the people of Newfoundland and Labrador have a fierce determination to improve their province and all who live in it by striving to achieve prosperity and maintaining the spirit of self-reliance and belief in themselves which have sustained them for hundreds of years;

AND WHEREAS the Province of Newfoundland and Labrador has an ideal geographic location between two of the world's leading trading blocks, and the ability through natural resources, technology, reduced borders and other factors to seek opportunities in a more globalized world;

AND WHEREAS the people of Newfoundland and Labrador are determined to do so by developing all of their resources, human and natural, and by renewing and strengthening their place within the Canadian Confederation;

AND WHEREAS it is timely for the people of the Province to develop a broad consensus on a vision for the future and identify ways for Newfoundland and Labrador to achieve prosperity and self-reliance, and renew and strengthen our place in Canada.

NOW THEREFORE by Commission under the Great Seal and under the authority of the Public Inquiries Act, the Lieutenant Governor-in-Council appoints as Commissioners: Mr. Victor Young (chairperson), Sister Elizabeth Davis, and Judge James Igloliorte.

AND BE IT ORDERED that the Commissioners undertake a critical analysis of our strengths and weaknesses and make recommendations as to how best to achieve prosperity and self reliance.

AND IT IS FURTHER ORDERED, that in the process of making recommendations and without limiting the generality of the foregoing, the Commissioners specifically examine and report on:

1. the expectations of the people of Newfoundland and Labrador prior to joining Canada, and how Newfoundland and Labrador has changed since Confederation, with a review of how the prosperity and self-reliance of our people has been affected over time;

2. how Newfoundland and Labrador is viewed in Canada, in particular by the federal government and its institutions, and to recommend ways in which Canadians may obtain a better understanding of our Province;

3. the effect on the province of the Terms of Union as imbodied in the Constitution of Canada and the evolution of these arrangements since 1949;

4. the special and unique contributions Newfoundland and Labrador has brought to Canada;

5. any arrangements with Canada which have or may hamper or detract from the ability of the people of Newfoundland and Labrador to attain prosperity and self reliance including, but not limited to, federal jurisdiction over natural resources, federal/provincial fiscal arrangements, and the application of federal government policies as they pertain to Newfoundland and Labrador;

6. demographic changes and the impact of these trends as they relate to challenges and opportunities for our youth and the future of the province; and

7. the means by which Newfoundland and Labrador can take maximum advantage of its strategic location between the North American and European trading blocks and the challenges which must be met and the opportunities which can be seized by Newfoundland and Labrador in a global economy.

AND THAT, the Commissioners undertake their mandate in three phases:

1. a research phase, to be guided by public input, during which the Commissioners may enter into research contracts with qualified, objective groups and individuals and thus provide an information base for further discussion and a stimulus to that debate;

2. a roundtable consultation phase, during which the Commissioners shall consult with pertinent constituencies on relevant matters; and

3. a formal public consultation phase, during which the Commissioners will use the necessary means and methods to ensure that meaningful consultation occurs with citizens of the province.

AND THAT the Commission shall consider whether a Newfoundland and Labrador Conference should be held prior to the submission of a final report.

AND THAT the Commissioners, are vested with the powers and authority set out in the Public Inquiries Act;

AND BE IT FURTHER ORDERED THAT, the Commission may provide interim or specific issue reports as appropriate and shall submit its final report with recommendations to the Lieutenant Governor-in-Council on or before June 30th, 2003.

April 19, 2002